

CITY OF MUSKEGON

CITY COMMISSION MEETING

APRIL 22, 2008

CITY COMMISSION CHAMBERS @ 5:30 P.M.

MINUTES

The Regular Commission Meeting of the City of Muskegon was held at City Hall, 933 Terrace Street, Muskegon, Michigan at 5:30 p.m., Tuesday, April 22, 2008.

Mayor Warmington opened the meeting with a prayer from Pastor Jeremy Erickson from the Central Assembly of God after which the Commission and public recited the Pledge of Allegiance to the Flag.

ROLL CALL FOR THE REGULAR COMMISSION MEETING:

Present: Mayor Stephen Warmington, Vice Mayor Stephen Gawron, Commissioners Steve Wisneski, Chris Carter, Lawrence Spataro, and Sue Wierengo, City Manager Bryon Mazade, Assistant City Attorney William Meier, and City Clerk Ann Marie Becker. Commissioner Clara Shepherd arrived at 5:35 p.m.

2008-35 HONORS AND AWARDS:

A. Citizen Awards. POLICE

Public Safety Director Tony Kleibecker recognized Blaine Emerson, Benjamin Rostello, and Chaz McKinney for assisting in the apprehension of a bank robber.

2008-36 CONSENT AGENDA:

A. Approval of Minutes. CITY CLERK

SUMMARY OF REQUEST: To approve minutes for the April 7th Commission Worksession, and the April 8th Regular Commission Meeting.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the minutes.

B. Dehumidification Equipment Repair/Inspection. WATER FILTRATION

SUMMARY OF REQUEST: To make necessary repairs to the two dehumidifiers located in the pipe gallery at the Water Filtration Plant and to enter into a two-year agreement for semi-annual service inspections.

FINANCIAL IMPACT: The cost of repairs and two-year agreement is \$20,628.20. \$12,598.20 – parts; \$1,550 - labor and expenses to install parts; and \$6,480 - for two-year, semi-annual, inspection agreement.

BUDGET ACTION REQUIRED: No budget action is required as this work was planned in the 2008 budget.

STAFF RECOMMENDATION: Staff recommends having the repairs and semi-annual maintenance for the two dehumidifiers at the Water Filtration Plant by the equipment manufacturer – Munters Corporation.

C. 2008 Water Treatment Chemical Bids. WATER FILTRATION

SUMMARY OF REQUEST: Recommend endorsement of lowest responsible bidder to supply sodium hypochlorite for the water filtration plant.

FINANCIAL IMPACT: Annual cost of \$53,652 (based on average annual water pumped to mains).

BUDGET ACTION REQUIRED: None at this time. These chemicals are budgeted annually.

STAFF RECOMMENDATION: Staff recommends the Mayor and City Commission endorse the low bid received and enter into contract with Rowell Chemical for sodium hypochlorite.

D. Contract for Mowing Services. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: To approve a two-year contract with the Sheldon Park Neighborhood Improvement Association for the maintenance of two City-owned lots in the Sheldon Park neighborhood.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Authorize execution of the contract. The responsibility for cleaning and mowing these lots would belong to the Association rather than the City and would extend through 2009. The City's estimated cost of \$2,000 to maintain the lots over this period would then be donated to the Association. The neighborhood has maintained the lots for several years under similar agreements and has done a great job.

E. Amendment to the Zoning Ordinance – B-4, General Business Districts, Special Land Uses Permitted. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: Request to amend Section 1301 (Special Land Uses Permitted) of Article XXIII (B-4, General Business Districts) to allow an additional special land use.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Staff recommends amendment of the Zoning Ordinance to allow an additional special land use in the B-4, General Business zoning district.

COMMITTEE RECOMMENDATION: The Planning Commission recommended approval of the request at their April 10th meeting. The vote was unanimous with B. Mazade absent.

F. Set Public Hearing for Amendments to Brownfield Plan – Betten Auto Dealerships Project. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: To approve the resolution setting a public hearing for amendments to the City of Muskegon Brownfield Plan, and notifying taxing jurisdictions, Michigan Department of Environmental Quality, and Michigan Economic Growth Authority of the Brownfield Plan Amendments, including the opportunity to express their views and recommendations regarding the proposed amendments at the public hearing. The amendments are for the inclusion of the Betten Auto Dealerships project in the Brownfield Plan. The public hearing has been changed from April 22, 2008 to May 13, 2008.

FINANCIAL IMPACT: Brownfield Tax Increment Financing would be used to reimburse the developer and the City for Act 381 “eligible expenses” incurred in association with development of the Betten properties, starting in 2008. The developers/owners estimate that full development of the Betten properties will involve over \$13 million in private investment (in addition to property acquisition), resulting in a substantial increase in the city income, and local and school property taxes generated by the property.

“Eligible expenses” of over \$3 million would be reimbursed. The estimated tax capture schedule is included as Attachment S-3 in the proposed Brownfield Plan Amendment. The City is also authorized by law to capture up to \$75,000/year to pay for “reasonable and actual administrative and operating costs” of the Brownfield Redevelopment Authority. As such, \$10,000/year of the local tax increment will be captured to reimburse the Brownfield Authority for its administrative costs, for the duration of the Brownfield Plan.

After all eligible costs incurred by the parties are reimbursed, the BRA is authorized to continue to capture local taxes for five more years for deposit into a Local Site Remediation Revolving Fund. Current tax capture estimates indicate that approximately \$998,500 could be captured from the taxes on the Betten properties for deposit into this local fund.

STAFF RECOMMENDATION: To approve the resolution and authorize the Mayor and Clerk to sign the resolution.

COMMITTEE RECOMMENDATION: The Brownfield Redevelopment Authority met on April 1, 2008, and approved the Brownfield Plan Amendment adding the

Betten Auto Dealership properties to the Brownfield Plan, and request the Muskegon City Commission set a public hearing on the Plan Amendments, and request notification of the taxing jurisdictions, MDEQ, and MEGA of the proposed amendment and its financial impact on each jurisdiction.

H. Liquor License Transfer Request for Watermark Banquet and Conference Center, 920 Washington. CITY CLERK

SUMMARY OF REQUEST: The Liquor Control Commission is seeking local recommendation on a request from Watermark Banquet and Conference Center, LLC, to transfer ownership of the 2007 Class C licensed business located in escrow at 800 S. Mill Iron Rd., Muskegon Township, from Niblick Properties, LLC, and to transfer location (governmental unit) to 920 Washington. They are also requesting a new Outdoor Service, Dance/Entertainment, Official (food) permits and three Additional Bars.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: All departments are recommending approval.

I. Muskegon Summer Celebration. LEISURE SERVICES

SUMMARY OF REQUEST: 2008's request is consistent with 2007's. There are no significant changes.

FINANCIAL IMPACT: Request that rental fees be waived for any equipment used.

BUDGET ACTION REQUIRED: None.

COMMITTEE RECOMMENDATION: The Leisure Services Board approved this event at their March 17th meeting.

J. City – MDOT Agreement for Intersection Improvements on US-31 BR at Sherman and Hackley. ENGINEERING

SUMMARY OF REQUEST: To approve the contract with MDOT for the intersection improvements on Seaway Drive (US-31BR) at Sherman and Hackley and to approve the resolution authorizing the Mayor and City Clerk to sign the contract. The proposed work consists of creating a right turn lane on north bound Seaway at Sherman and Hackley.

FINANCIAL IMPACT: While this is an MDOT project, the City's participation is required under ACT-51 since the project falls within the City limits. The City's share is estimated at \$5,550, but not more than 11.25% of eligible cost. The total cost of the project is estimated at \$246,400.

BUDGET ACTION REQUIRED: None at this time. The City's share of the cost will come out of the 2008 major street fund, as was budgeted.

STAFF RECOMMENDATION: That the agreement and resolution be approved.

K. Consideration of Bids for Isabella, Ambrosia to Williams (H-1633) and Ada, Wood to Chestnut (W-695). ENGINEERING

SUMMARY OF REQUEST: Award the Ada and Isabella construction contract to Schippers Excavating out of West Olive since they were the lowest responsible bidder with a total bid price of \$406,048.00. The contract consists of both Ada water main replacement (W-695) and Isabella (H-1633) projects which were combined into one contract.

FINANCIAL IMPACT: The construction cost of \$406,048 plus engineering cost which is estimated at an additional 15%.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Award the contract to Schippers Excavating.

L. Micro-Surfacing of Lakeshore Drive between Laketon and Michigan. ENGINEERING

SUMMARY OF REQUEST: Authorize staff to enter into a maintenance agreement with Terry Asphalt to micro surface Lakeshore Drive from Laketon to Michigan. Terry Asphalt has a contract with Norton Shores to perform similar projects and they agreed to extend the unit prices to the City of Muskegon.

FINANCIAL IMPACT: The estimated cost of \$47,000.

BUDGET ACTION REQUIRED: None at this time. This project, if approved, will be added to the budget's first quarter forecast.

STAFF RECOMMENDATION: Authorize staff to enter into an agreement with Terry Asphalt to perform the tasks outlined in the proposal.

Motion by Vice Mayor Gawron, second by Commissioner Carter to approve the consent agenda as presented minus item G.

ROLL VOTE: Ayes: Carter, Gawron, Shepherd, Spataro, Warmington, Wierengo, and Wisneski

Nays: None

MOTION PASSES

2008-37 ITEM REMOVED FROM THE CONSENT AGENDA:

G. Approval of Contract with Nova Development Group to Partner with CNS Office. COMMUNITY & NEIGHBORHOOD SERVICES

SUMMARY OF REQUEST: To approve the Community and Neighborhood Services office to develop a partnership with Nova Development Group of Detroit, MI, to do approximately 20 owner-occupied energy conservation projects through the City's Emergency Repair and Siding programs.

The Nova Development Group has a grant through the Michigan Public Service Commission and the Michigan State Housing Authority to partner with local communities to assist low-income residents to make their homes energy efficient. According to the guidelines of the grant, the local community is responsible for a 50% match with Nova Development Group. The CNS office would like to direct \$50,000 to \$75,000 of combined CDBG Emergency and Siding funding to assist with the energy conservation on 20 2008-2009 fiscal year projects. Nova Development Group must have all their State funding spent by August 15, 2008.

FINANCIAL IMPACT: The partnership should assist the CNS office with spending less scarce funding, while simultaneously helping the clients make their homes more energy efficient.

BUDGET ACTION REQUIRED: None at this time.

STAFF RECOMMENDATION: To approve the Community and Neighborhood Services office request.

Motion by Commissioner Carter, second by Commissioner Spataro to approve the contract with Nova Development Group to partner with CNS office.

ROLL VOTE: Ayes: Gawron, Shepherd, Spataro,, Warmington, Wierengo, Wisneski, and Carter

Nays: None

MOTION PASSES

2008-38 PUBLIC HEARINGS:

A. Request for an Industrial Facilities Exemption Certificate for Alloy Resources Corporation. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: Pursuant to Public Act 198 of 1974, as amended, Alloy Resources Corporation, 2281 Port City Blvd., has requested the issuance of an Industrial Facilities Tax Exemption Certificate. The improvements were completed in October of 2007 and IFT guidelines state that the company has up to six months after project completion to file the application. The total capital investment was \$1,025,000 in personal property. The investment has also created six new jobs. This qualifies them for a tax abatement of seven years for personal property.

FINANCIAL IMPACT: The City will capture certain additional property taxes generated by the expansion.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the resolution granting an Industrial Facilities Exemption Certificate for a term of seven years for personal property.

The public hearing opened to hear and consider any comments from the public. Comments were heard from John Essex, 5823 Lake Harbor, President &

CEO of Port City Group.

Motion by Commissioner Carter, second by Commissioner Shepherd to close the public hearing and approve the request for an Industrial Facilities Exemption Certificate for Alloy Resources Corporation.

ROLL VOTE: Ayes: Shepherd, Spataro, Warmington, Wierengo, Wisneski, Carter, and Gawron

Nays: None

MOTION PASSES

2008-39 NEW BUSINESS:

A. Land Lease – McLaughlin Neighborhood Association. CITY MANAGER

SUMMARY OF REQUEST: To approve our agreement to lease the lot at 1264 Terrace Street to the McLaughlin Neighborhood Association. They intend to use the property for a park and garden.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the agreement and authorize the Mayor and Clerk to sign it.

Motion by Commissioner Spataro, second by Commissioner Shepherd to approve the land lease with McLaughlin Neighborhood Association.

ROLL VOTE: Ayes: Spataro, Warmington, Wierengo, Wisneski, Carter, Gawron, and Shepherd

Nays: None

MOTION PASSES

B. Special Events Multiple Liquor License Request – Taste of Muskegon.
LEISURE SERVICES

SUMMARY OF REQUEST: The following organizations are requesting a temporary liquor license or extension of their liquor license to be able to offer outside entertainment or serve spirits during the period of June 19th thru June 22nd:

- Taste of Muskegon, 900 Third St. – Requesting a Beer and Wine School, (Beer Tent) to be setup on Western Avenue between Third and Fourth Street from June 21st thru June 22nd.
- Downtown Pinnacle Properties (Racquets), 446 W. Western Ave. – Requesting an extension of their liquor license to set up a beverage entertainment area in the lot adjacent to the building at Western Avenue and Fourth Street from June 19th thru June 22nd during the Taste of Muskegon event.

- Rock Stock 08, 5495 S. White River Trail – Requesting Hackley Park for a one-day music festival on June 21, 2008.
- West Michigan Truck Show, 1204 W. Western Ave. – Requesting to set up beverage entertainment area on the Morris Street lot (former Pearlman lot) from June 18th to June 21st.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

COMMITTEE RECOMMENDATION: All the above listed events were approved by the Leisure Services Board at their February 18th and March 17th meetings.

Motion by Commissioner Spataro, second by Commissioner Wisneski to approve the special event liquor license request for Taste of Muskegon, 900 Third Street, for June 21st thru June 22nd.

ROLL VOTE: Ayes: Warmington, Wierengo, Wisneski, Carter, Gawron, Shepherd, and Spataro

Nays: None

MOTION PASSES

Motion by Commissioner Spataro, second by Vice Mayor Gawron to approve the special event liquor license request for Downtown Pinnacle Properties, 446 W. Western Avenue.

ROLL VOTE: Ayes: Wierengo, Wisneski, Carter, Gawron, Shepherd, Spataro, and Warmington

Nays: None

MOTION PASSES

Motion by Commissioner Spataro, second by Commissioner Carter to approve the special event liquor license request for Rock Stock 08, 5495 S. White River Trail.

ROLL VOTE: Ayes: Wisneski, Carter, Gawron, Shepherd, Spataro, Warmington, and Wierengo

Nays: None

MOTION PASSES

Motion by Commissioner Spataro, second by Vice Mayor Gawron to approve the special event liquor license request for West Michigan Truck Show, 1204 W. Western Avenue.

ROLL VOTE: Ayes: Carter, Gawron, Shepherd, Spataro, Warmington, Wierengo, and Wisneski

Nays: None

MOTION PASSES

C. Special Event Liquor License Request for Mike's Inn, June 27th thru July 5th, 2008 – Muskegon Summer Celebration. LEISURE SERVICES

SUMMARY OF REQUEST: Mike's Inn (555 W. Western Ave.) is requesting an extension of their liquor license to be able to host an outside entertainment area in their lot. Summer Celebration holds the first liquor license.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

COMMITTEE RECOMMENDATION: The Leisure Services Board approved this event at their February 18th meeting.

Motion by Commissioner Carter, second by Commissioner Shepherd to approve the special event liquor license request for Mike's Inn for June 27th thru July 5th.

ROLL VOTE: Ayes: Gawron, Shepherd, Spataro, Warmington, Wierengo, Wisneski, and Carter

Nays: None

MOTION PASSES

D. Multiple Special Event Liquor License Request – Muskegon Bike Time. LEISURE SERVICES

SUMMARY OF REQUEST: The following organizations are requesting an extension of their liquor license to be able to offer outside entertainment during the "Muskegon Bike Time" festival (July 18th thru July 20th):

- Mike's Inn, 555 W. Western Ave. – Requesting to fence off parking lot to set up beverage entertainment area.
- Racquets Downtown Grill, 446 W. Western Ave. – Requesting to set up beverage entertainment area in the lot located next to Racquets on the corner of Fourth St. and Western Ave.
- Topsy Toad Tavern, 609 W. Western Ave. – Requesting to set up beverage entertainment area in the parking lot located between Topsy Toad and Radiology P.C.
- Pop-A-Top, 2185 Henry St. – Requesting to set up beverage entertainment area in their parking lot.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

COMMITTEE RECOMMENDATION: All of the above listed events were approved by the Leisure Services Board at their February 18th and March 17th meetings.

Motion by Commissioner Shepherd, second by Commissioner Carter to approve

the multiple special event liquor license request for Mike's Inn, Racquets Downtown Grill, Tipsy Toad Tavern, and Pop-A-Top during July 18th thru July 20th.

ROLL VOTE: Ayes: Shepherd, Spataro, Warmington, Wierengo, Wisneski, Carter, and Gawron

Nays: None

MOTION PASSES

E. 2008-2009 Healthcare Renewal. FINANCE

SUMMARY OF REQUEST: It is time to renew the City's healthcare coverage for the 2008-09 plan year. Healthcare costs continue to rise. Renewal rates for the City's current healthcare program initially came in at \$859.90/employee/month, 9% higher than the current rate (\$787.87). However, Priority Health has agreed to a more palatable 6% increase (\$835.19), provided the city defer competitive bidding for one year. (A new state law requires bidding every three years.) The 6% increase translates into an estimated annual cost increase of \$133,869. This is within the city's budget expectation.

FINANCIAL IMPACT: Healthcare costs will increase 6% (\$133,869) – a significant, but manageable level. No changes to employee benefits are proposed.

BUDGET ACTION REQUIRED: None. Under the renewal proposal, healthcare costs will be within budget.

STAFF RECOMMENDATION: Approval of the 2008-09 healthcare renewal with Priority Health. Staff is also exploring employer-funded HRA (health reimbursement account) options through Priority Health. These options do not impact the employee, but involve the city self-insuring a deductible amount in exchange for a lower insurance premium. At this time, the HRA concept does not appear to be a good option for us; however, we are still analyzing data and would ask you to authorize staff to select the HRA option if clearly shown to be in the city's financial interest.

Motion by Commissioner Wisneski, second by Commissioner Spataro to approve the 2008-09 healthcare renewal.

ROLL VOTE: Ayes: Spataro, Warmington, Wierengo, Wisneski, Carter, Gawron, and Shepherd

Nays: None

MOTION PASSES

F. Lakeshore Pathway Construction – McCracken to Cottage Grove. CITY MANAGER

SUMMARY OF REQUEST: To approve the construction of an on-street and off-street pathway along Lakeshore Drive between McCracken and Cottage Grove.

FINANCIAL IMPACT: \$100,000.

BUDGET ACTION REQUIRED: If approved, the project will be included in the Capital Improvement Plan in the 2008 first quarter budget adjustment.

STAFF RECOMMENDATION: To approve construction of the pathway.

Motion by Vice Mayor Gawron, second by Commissioner Spataro to approve the construction of an on-street and off-street pathway along Lakeshore Drive between McCracken and Cottage Grove.

ROLL VOTE: Ayes: Warmington, Wierengo, Carter, Gawron, Shepherd, and Spataro

Nays: Wisneski

MOTION PASSES

G. Concurrence with the Housing Board of Appeals Notice and Order to Demolish the following: PUBLIC SAFETY

1970 Crowley – Area 14

709 E. Apple (Garage) – Area 11

1918 Valley (Home and Garage)

SUMMARY OF REQUEST: This is to request that the City Commission concur with the findings of the Housing Board of Appeals that the structures are unsafe, substandard, a public nuisance and that they be demolished within 30 days. It is further requested that administration be directed to obtain bids for the demolition of the structures and that the Mayor and City Clerk be authorized and directed to execute a contract for demolition with the lowest responsible bidder.

FINANCIAL IMPACT: General Funds for 1970 Crowley and 1918 Valley; and CDBG Funds for 709 E. Apple (garage).

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To concur with the Housing Board of Appeals decision to demolish.

Motion by Commissioner Spataro, second by Commissioner Wisneski to concur with the Housing Board of Appeals notice and order to demolish 1970 Crowley and 1918 Valley (home and garage).

ROLL VOTE: Ayes: Wierengo, Wisneski, Carter, Gawron, Shepherd, Spataro, and Warmington

Nays: None

MOTION PASSES

Motion by Commissioner Spataro, second by Vice Mayor Gawron to concur with

the Housing Board of Appeals notice and order to demolish 709 E. Apple Avenue, garage only.

MOTION AND SECOND AMENDED:

Motion amended by Commissioner Spataro, second by Vice Mayor Gawron to concur with the Housing Board of Appeals notice and order to demolish 709 E. Apple Avenue, garage only, delaying action until August 10, 2008, with all permits pulled and City inspection passes.

ROLL VOTE TO AMEND MOTION:

Ayes: Wisneski, Carter, Gawron, Spataro, Warmington, and Wierengo

Nays: Shepherd

MOTION PASSES

ROLL VOTE ON AMENDED MOTION:

Ayes: Carter, Gawron, Shepherd, Spataro, Warmington, Wierengo, and Wisneski

Nays: None

MOTION PASSES

ANY OTHER BUSINESS: City Commission commented on various items.

PUBLIC PARTICIPATION: Comments were heard from the public.

ADJOURNMENT: The City Commission Meeting adjourned at 7:18 p.m.

Respectfully submitted,

Ann Marie Becker, MMC
City Clerk